

# Supporting Statement for Paperwork Reduction Act Submissions

## Mortgage Record Change

OMB Control Number 2502-0422

### A. Justification

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

The servicing of insured mortgages must be performed by a mortgagee that is approved by HUD to service insured mortgages. The Mortgage Record Change information is used by FHA-approved mortgagees to comply with HUD requirements for reporting the sale of a mortgage between investors and/or the transfer of the mortgage servicing responsibility, as appropriate. The information is collected electronically through Electronic Data Interchange and via FHA Connection. The authority for this collection of information is specified in 24 CFR 203.431 and 24 CFR 203.502.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

The information required is used to update HUD's Single Family Insurance System and other related systems. Current data is necessary to establish mortgage premium liability, forward annual premium mortgage data to the appropriate mortgagee/servicer, and maintain premium receivables and program data regarding investors/servicer activity. Without the required data the premium collection/monitoring function would be severely impeded and program data would be unreliable. This information is essential because the data is used to update the Single Family Premium Collection System-Periodic and is used in the accurate billing of monthly premiums as HUD does case level accounting in recording premium payments by mortgagees.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

The information is collected 100% through electronic means. Last fiscal year approximately 10,000 respondents submitted 14,400,000 transfers electronically through Business-to-Government, Electronic Data Interchange and HUD's FHA Connection. The utilization of the Business-to-Government (B2G), Electronic Data Interchange and FHA Connection eliminate the completion and submission of hard copy source documents for the submission of transfer information.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

No other duplicate data exists. There is not other available data that can be used or modified for the required purpose.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.

The collection of information does not impact small businesses or other small entities, as they are not respondents.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

Information is collected whenever servicing of any mortgage is transferred from one mortgage holder or service to another. Without the required data the premium collection/monitoring function would be severely impeded and program data would be unreliable.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

Current guidelines for servicing procedures give the mortgagee 15 days from the date of the sale of a mortgage or the transfer of servicing to provide the required data. Any further delay in providing the data would erode the reliability and effectiveness of the program functions, which depend on timely mortgage activity information.

\* requiring respondents to report information to the agency more often than quarterly;

Lenders report any time the servicing on a loan is transferred to another lender.

\* requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;

The mortgagee 15 days from the date of the sale of a mortgage or the transfer of servicing to provide the required data.

\* requiring respondents to submit more than an original and two copies of any document;

The respondents are not required to submit more than an original and two copies of any document.

\* requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years;

The respondents are required to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for up to seven years.

\* in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;

There are no special circumstances that would cause any information collection to be conducted in a manner that is in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study.

\* requiring the use of a statistical data classification that has not been reviewed and approved by OMB;

There are no special circumstances that would cause any information collection to be conducted in a manner requiring the use of a statistical data classification that has not been reviewed and approved by OMB.

\* that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or

There are no special circumstances that would cause any information collection to be conducted in a manner that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use.

\* requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

There are no special circumstances that would cause any information collection to be conducted in a manner requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

8. If applicable, provide a copy and identify the date and page number of publications in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported. Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years - even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

HUD consults with Mortgage Bankers through the Mortgage Bankers Association (MBA) outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping disclosure, or reporting format (if any) and the data elements to be recorded, disclosed, or reported. Consultation with MBA representatives of those from whom information is to be obtained or those who must compile records should occur every year.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

No gift or payment is provided to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

Confidentiality is not an issue for the data involved.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

This form contains no questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information. The statement should:

\* Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.

\* If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.

\* Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 13.

An estimate of the total number of burden hours needed to prepare the information collection is 391,250 (a burden of one tenth hour per response based on the actual time required to key and transmit data to B2G, the FHA Connection or EDI) (HUD-92080), the number of respondents is approximately 10,000, the frequency of response is as required, and the volume of response per

respondent is 100 to 3,000 annually depending on the size of their FHA portfolio. The public reporting burden for this collection of information is estimated to average 0.1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and keying and transmitting the collection of information.

#### Estimate of the Public Burden

Information Collection	Number of Respondents	Frequency of Response	Total Annual Responses	Hours Per Response	Total Annual Hours	Hourly Cost*	Total Annual Cost
Mortgage Record Change – Lenders	10,000	Varies	3,500,000	.1	350,000	\$19.02	\$6,980,340
Mortgage Record Change – HUD Analysts	10	Varies	165,000	.25	41,250	\$41.37	\$1,706,512
<b>Totals</b>	<b>10,010</b>		<b>3,670,000</b>		<b>391,250</b>		<b>\$6,980,340</b>

\*Hourly cost was pulled from [https://www.bls.gov/oes/current/oes\\_nat.htm](https://www.bls.gov/oes/current/oes_nat.htm) using the mean hourly wage for financial clerks.

\*Hourly cost for HUD Analysts was pulled from <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2020/DCB.pdf> using the rate of GS12 step 1 employee based in Washington DC.

13. Provide an estimate for the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

\* The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.

\* If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collections services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.

\* Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

There are no additional costs to the respondents.

14. Provide estimates of annualized costs to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies may also aggregate cost estimates from Items 12, 13, and 14 in a single table.

The cost estimate is provided in the table above in item 12.

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.

This is a revision of a currently approved collection. The increase in transactions is primarily due to the current financial climate. There is increased lender activity related to record changes with more large lenders acquiring smaller lenders, smaller lenders leaving the program outright, or lenders going bankrupt and selling off their portfolio.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

The results of the information collection will not be published. The time schedule of the project is ongoing and will remain ongoing as long as the FHA program is active.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

We are not seeking approval to avoid displaying the expiration date for the OMB approval.

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.

There are no exceptions to the certification statement identified in item 19 of the OMB 83-I.

## **B. Collections of Information Employing Statistical Methods**

The collection of information does not employ any statistical methods.

